

# USA VIDEO INTERACTIVE CORP.

February 27, 2004



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Securities and Exchange Commission  
Office of International Finance  
450 - 5th Street NW  
Washington, D.C. 20549

FILE #82-1601

Dear Sir/Madam:

Re: **USA Video Interactive Corp. (the "Company")**  
**News Release**

Enclosed for your reference is a copy of the Company's recent News Release, which was delivered to an acceptable dissemination service with instructions for "Immediate Release".

Yours truly,

**USA VIDEO INTERACTIVE CORP.**

*"Anton (Tony) J. Drescher"*

Per:  
Anton (Tony) J. Drescher  
Director

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For release February 27, 2004

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## **USA Video Interactive Corp. Fortifies Digital Watermarking Technology with Real-time Processing**

***Demonstrates MediaSentinel™ Version 1.1 at American Film Market Feb. 25-March 3, 2004***

USA Video Interactive Corp. (USVO) announced today that MediaSentinel™ Version 1.1 – its pioneering content protection software – will be commercially released in April 2004. MediaSentinel is a suite of software based on USVO's content protection technology – new ammunition in the movie industry's battle against the scourge of digital piracy.

USVO will introduce and demonstrate MediaSentinel Version 1.1 at the American Film Market, taking place from February 25 through March 3, 2004 at the Loews Santa Monica Beach Hotel in Santa Monica, California. The demonstrations will show the MediaSentinel™ technology applied to actual digital movie trailers, exhibiting the effectiveness of the MediaSentinel™ watermark. The movie trailers are for the films "American Reunion" from FilmMates Corporation and "Cybermutt" from First Look Media, two upcoming releases that are being promoted at the Market.

MediaSentinel™ software consists of a watermark generator that embeds identifying information into video content, a watermark reader that extracts the watermark from suspect content, and a software development kit that allows MediaSentinel™ technology to be integrated with other software and hardware systems.

New capabilities available in MediaSentinel™ Version 1.1 include:

- **Real-time watermark insertion:** MediaSentinel™ 1.1 can embed a watermark at the time of distribution. This makes MediaSentinel a choice for watermarking video programming such as pay-per-view television, time-shifted television, video-on-demand, webcasts and other content distribution applications that do not lend themselves to watermark encoding ahead of time.
- **Greater robustness:** MediaSentinel™ 1.1 watermarks have a greatly-increased ability to resist and survive attacks, including a wide variety of geometric distortions and other video image processing techniques used by pirates in the attempt to remove a watermark, when compared with MediaSentinel™ version 1.0.

- Multiple watermarks: Several watermarks can be applied to the same piece of video content. For example, watermarks might identify the content owner, the distributor and the end-user, if MediaSentinel™ has been implemented at those points; in effect, providing an audit trail.
- Increased media format flexibility: MediaSentinel™ 1.1 will support Windows Media®, RealVideo®, QuickTime® and other propriety digital video formats; standard video formats such as MPEG, Motion JPEG and H.261; and uncompressed digital video.
- Increased media player support: MediaSentinel™ 1.1 will support media players including the Microsoft® Windows Media® Player, RealPlayer® from RealNetworks® and the QuickTime® player from Apple Computer, Inc.

Specifications detailing the functionality and capabilities of MediaSentinel™ Version 1.1 will be available when the software is commercially released in April 2004.

USA Video Interactive Corp. offers software licensing, resale and technical support programs for MediaSentinel™.

USVO, a technology-based company established in 1992, is headquartered in Old Lyme, Connecticut. (OTCBB: USVO; TSX: US; BSE/Frankfurt: USF). Further information available at <http://www.usvo.com>

#### **About FilmMates Corporation**

Filmmates Corporation a Los Angeles based motion picture completion, finance and distribution company founded in 2001. The company manages a five million dollar private equity fund Filmmates Partners LLC I. The company has several projects in the pipeline, with "American Reunion" its first feature film heading into theatrical and home video distribution in 2004.

#### **About First Look Media**

First Look International (formerly Overseas Filmgroup), is an independent worldwide film sales and distribution company specializing in the acquisition, financing, packaging and distribution of independently produced feature films of all genres. First Look International's current slate includes STATESIDE (directed by Reverge Anselmo, starring Rachael Leigh Cook, Jonathan Tucker, Val Kilmer, Carrie Fischer and Joe Mantegna); SEPTEMBER TAPES (2004 Sundance Selection); LUTHER (directed by Eric Till, starring Joseph Fiennes); BOYS AND GIRL FROM COUNTY CLARE (directed by John Irvin, starring Andrea Corr, Colm Meaney and Shaun Evans); THE SNOW WALKER (directed by Charles Martin Smith, starring Barry Pepper and Annabella Piugattuk); and THE TESSERACT (directed by Oxide Pang, starring Jonathan Rhys-Meyers).

First Look Media is a distribution and sales company headed by Chris Cooney, Co-Chairman and CEO and Bill Lischak, President and COO. For more information, please visit our website at [www.firstlookmedia.com](http://www.firstlookmedia.com).

### **About the AFM**

The 24<sup>th</sup> annual AFM will take place 25 February to 3 March, 2004 in Santa Monica, California. The American Film Market has grown steadily over the last two decades to become the world's largest film market, generating more than \$500 million in film production and distribution deals. During the eight-day event, more than 7,000 industry executives attend from over 70 countries, including film and television distributors, producers, directors, film commissioners and representatives. All of Santa Monica's 23 screens become AFM screening rooms during the event. More than 600 screenings of more than 400 films are held, 25 different films every two hours, the majority of them world or U.S. premieres.

### **About AFMA – the American Film Marketing Association**

AFMA is the trade association representing independent producers and distributors of motion pictures and television programming worldwide. Its more than 150 member companies from the U.S., Europe, Australia and Asia include Alliance-Atlantis, Capitol Films, Carlton International Media, Crystal Sky, Filmax, Focus Features, Franchise Pictures, FremantleMedia, Goldcrest Films, Good Times Entertainment, HBO, IAC, Intermedia, Liberty Entertainment, Lions Gate, Lola Films, Miramax, Morgan Creek, New Line, NU Image, Overseas Filmgroup, Pathe, StudioCanal, Summit, TF1, Troma and Wild Bunch.

### **About USA Video Interactive Corp.**

USVO is a developer and supplier of Internet media delivery services, systems, and innovative end-to-end solutions. The Company developed its StreamHQ™ architecture to provide a wide range of business customers with value-added media delivery services. USVO holds the pioneering patent for store-and-forward video, filed in 1990 and issued by the United States Patent and Trademark Office on July 14, 1992; it has been cited by at least 165 other patents. USVO holds similar patents in Germany, Canada, England, France, Spain, and Italy. For more information, visit [www.usvo.com](http://www.usvo.com).

USA Video Interactive Corporate Headquarters Office: 83 Halls Road, Old Lyme, Connecticut, 06371. Telephone (860) 434 - 5535. Facsimile (860) 434 - 5782; Canada Office: 507 - 837 West Hastings Street, Vancouver, BC V6C 3N6. Trading symbol on the OTCBB: USVO; Trading symbol on the TSX Venture Exchange US; Trading symbol on the Berlin and Frankfurt Stock Exchanges: USF. CUSIP 902924208. For more information contact Edwin Molina (860) 434 - 5535; [info@usvo.com](mailto:info@usvo.com)

The press release may contain forward-looking statements. Actual results may differ materially from those projected in any forward-looking statements. Investors are cautioned that such forward-looking statements involve risk and uncertainties, which may cause actual results to differ from those described.

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*The TSX Venture Exchange (TSX) has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.*

